

AMENDED IN ASSEMBLY JANUARY 26, 2012

AMENDED IN ASSEMBLY JUNE 3, 2011

AMENDED IN ASSEMBLY JUNE 1, 2011

AMENDED IN ASSEMBLY MAY 27, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## ASSEMBLY BILL

**No. 970**

---

**Introduced by Assembly ~~Member Fong~~ Members *Fong and Block***  
**(Principal coauthor: Assembly Member *John A. Pérez*)**  
**(Coauthors: Assembly Members *Brownley, Galgiani, and Portantino*)**

February 18, 2011

---

An act to add Article 3.7 (commencing with Section 66028) to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, relating to postsecondary education.

### LEGISLATIVE COUNSEL'S DIGEST

AB 970, as amended, Fong. University of California and California State University: systemwide student fees: student financial aid report.

(1) Existing law, known as the Donahoe Higher Education Act, sets forth the missions and functions of the segments of public postsecondary education in the state. The California State University, which is governed by the Trustees of the California State University (trustees), and the University of California, which is governed by the Regents of the University of California (regents), are 2 of the segments of public postsecondary education. The provisions of the Donahoe Higher Education Act apply to the University of California only to the extent that the regents act by resolution to make them applicable.

Under existing law, the California State University and the University of California are authorized to charge fees to students attending their respective institutions.

This bill would establish the Working Families Student Fee Transparency and Accountability Act as a part of the Donahoe Higher Education Act, and would establish various policies relating to student fees and student financial aid at the University of California and the California State University.

The bill would require any mandatory systemwide fees charged to resident students at the California State University and the University of California to be known, and referred to, as “systemwide fees” or “fees,” and would provide that these fees shall not be known or referred to as “tuition.” The bill would require references to those fees in any policies, rules, or regulations of the California State University and the University of California to be consistent with the requirement that the fees be known and referred to as “fees” and not “~~tuition.~~” *“tuition,” and would require corrections to be made when the policy, rule, or regulation is updated or reprinted.*

The bill would prohibit any increase in the mandatory systemwide fees charged to resident students enrolled in the University of California or the California State University from being effective before 6 months have elapsed after the date on which the fee increase is adopted. The bill would require the regents and the trustees to comply with prescribed public notice and student consultation procedures prior to adopting an increase in mandatory systemwide fees charged to resident students enrolled in their respective segments. The bill would require the regents and the trustees, by April 2, ~~2012~~ 2013, to develop methodologies for the adjustment of fees in accordance with a prescribed procedure. The bill would require 33% of revenues of *an increase to existing* mandatory systemwide student fees to be reserved for student financial support, as specified.

The bill, commencing with the ~~2011–12~~ 2012–13 academic year, would require the trustees and the regents to provide *annual* reports on expenditures and financial aid to the Legislature, and *would require* the Legislative Analyst’s Office to annually review and report to the Legislature its findings, conclusions, or recommendations regarding the implementation of policies implemented pursuant to the bill.

Because the provisions of the bill would be added to the Donahoe Higher Education Act, they would apply to the University of California

only to the extent that the regents act by resolution to make them applicable.

(2) Existing law establishes various student financial aid programs under the administration of the Student Aid Commission, and establishes eligibility requirements for the receipt of awards under those programs for participating students attending qualifying institutions.

This bill would require the commission, no later than July 31, ~~2012~~ 2013, to provide a report to the Legislature that details the policies and interactions between various state and federal financial aid programs, including the interaction between systemwide and campus-based student fees, institutional financial aid at the University of California and the California State University, Cal Grants, and federal financial aid programs.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:  
3 (a) The California 1960 Master Plan for Higher Education  
4 declared that a tuition-free higher education is in the best interest  
5 of the state and should be continued for all California residents.  
6 (b) The state has long recognized the value of providing broad  
7 access to postsecondary education to the state's diverse residents  
8 and the state remains committed to ensuring affordability and  
9 access at the state's public colleges and universities.  
10 (c) The state's working families who have children planning to  
11 attend the state's public colleges and universities, or have children  
12 currently attending the state's public colleges and universities,  
13 have endured consistent and skyrocketing increases in mandatory  
14 systemwide student fees.  
15 (d) A report by the California Postsecondary Education  
16 Commission, published in 2011 and entitled "College Costs and  
17 Family Income: The Affordability Issue at the UC and the CSU,"  
18 detailed that rising costs are putting an education at California's  
19 public universities out of reach for many Californians, and that  
20 incomes have not kept pace with these rising costs, particularly  
21 for lower and middle-income families who have seen little income  
22 growth in recent years.

1 (e) Between 1990 and 2009, costs for a University of California  
2 student living on campus rose by 70 percent. Costs for a California  
3 State University student living with his or her family rose by over  
4 80 percent. In this period, median family income in California  
5 grew by only 16 percent.

6 (f) With rising costs, and flat or falling incomes, supporting a  
7 student is taking an increasing percentage of Californians' incomes.  
8 In 2000, the cost of attendance for a University of California  
9 student living on campus was 25 percent of median family income  
10 in California. By 2009, this cost grew to 39 percent of median  
11 family income. Costs at California State University also grew  
12 relative to incomes, from 19 percent of median family income in  
13 2000 to 29 percent of median family income in 2009.

14 (g) In 2009, the total cost of attendance for a student living on  
15 campus at the University of California was \$27,100, an increase  
16 of 18 percent from three years earlier. Costs at the California State  
17 University increased by 23 percent, to \$20,100, during that period.

18 (h) Even with grants and fee waivers, the net cost of a year of  
19 attendance at a University of California or a California State  
20 University campus is one-third of annual income for a lower  
21 income family. Net costs for middle-income families are about  
22 one-quarter of annual income.

23 (i) More and more students have to work longer hours and  
24 increase their debt burden during a particularly challenging  
25 economy and, as fees and other costs increase, the work and loan  
26 burden on students is increasing at a faster rate than grant aid.

27 (j) Increased costs can hinder a student's progress toward a  
28 degree, forcing students to cut their class load to work more hours,  
29 leave for semesters at a time, or drop out of school entirely.

30 (k) According to the "Student Expenses and Resources Survey"  
31 conducted by the Student Aid Commission during the 2006–07  
32 academic year, approximately 74 percent of all undergraduate  
33 students in the California State University system worked for pay  
34 for an average of 24 hours per week. Fifty-one percent of these  
35 students reported working over 20 hours per week on average. In  
36 the University of California system, approximately 54 percent of  
37 all undergraduate students worked for pay for an average of 17  
38 hours per week, and 23 percent of these students reported working  
39 over 20 hours per week on average.

1 (l) The Institute for College Access and Success, in its report  
2 “Student Debt and the Class of 2009,” showed that average debt  
3 accumulation for California students at public universities has  
4 risen by 18 percent since 2005. In California, the average student  
5 debt for students who completed a bachelor’s degree was \$17,326,  
6 and national data show that some of the lowest income students  
7 who generally have family incomes under \$50,000 are much more  
8 likely to borrow, and borrow more than their higher income peers,  
9 impacting job opportunities and choices after graduation.

10 (m) The Regents of the University of California have raised  
11 mandatory systemwide student fees by 68 percent since the  
12 2007–08 academic year, and over 200 percent in the past decade.  
13 The Trustees of the California State University have raised  
14 mandatory systemwide student fees by 76 percent since the  
15 2007–08 academic year, and over 242 percent in the past decade.

16 (n) The state does not have a proper accounting of the total costs  
17 of educating students at either the University of California or the  
18 California State University, or the actual uses of student fee  
19 revenues, and it is critical for the state’s public colleges and  
20 universities to demonstrate transparency and accountability to the  
21 general public.

22 (o) The state, in partnership with the state’s colleges and  
23 universities, is committed to ensuring that all financially needy  
24 students have the financial assistance necessary for them to enroll  
25 in institutions of higher education and complete their postsecondary  
26 education objectives.

27 (p) The principles expressed in this act seek to continue the  
28 state’s historic commitment to ensuring access to the state’s public  
29 universities for all Californians by ensuring sufficient notification  
30 to the general public, students, and the state’s working families of  
31 any increases in student fees, proper consultation with students,  
32 and accountability and transparency with respect to student fee  
33 revenue.

34 (q) Changes in resident student fees or in student financial aid  
35 funding or packaging policies should take into consideration the  
36 total cost to the student of attending the university, including  
37 mandatory campus-based student fees, housing and living expenses,  
38 as well as all other expenses associated with university attendance.

1 (r) Any increases in mandatory systemwide fees should be  
2 accompanied by appropriate increases in funding for need-based  
3 student financial aid.

4 SEC. 2. (a) It is the intent of the Legislature that financially  
5 needy students be able to access public colleges and universities.

6 (b) No later than July 31, ~~2012~~ 2013, the Student Aid  
7 Commission shall provide a report to the Legislature that details  
8 the policies and interactions between the various state and federal  
9 financial aid programs, including the interaction between  
10 systemwide and campus-based student fees, institutional financial  
11 aid at the University of California and the California State  
12 University, Cal Grants, and federal financial aid programs. The  
13 Trustees of the California State University shall, and the Regents  
14 of the University of California are requested to, cooperate with  
15 the Student Aid Commission and provide any information and  
16 data, including institutional financial aid information and data,  
17 requested by the commission for purposes of this section.

18 (c) A report submitted pursuant to subdivision (b) shall be  
19 submitted in compliance with Section 9795 of the Government  
20 Code.

21 (d) This section is repealed on January 1, ~~2016~~ 2017, pursuant  
22 to Section 10231.5 of the Government Code.

23 SEC. 3. Article 3.7 (commencing with Section 66028) is added  
24 to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education  
25 Code, to read:

26  
27 Article 3.7. Working Families Student Fee Transparency and  
28 Accountability Act  
29

30 66028. This article shall be known, and may be cited, as the  
31 Working Families Student Fee Transparency and Accountability  
32 Act.

33 66028.1. For purposes of this article, the following terms have  
34 the following meanings:

35 (a) “Campus-based fees” means the fees that are imposed on  
36 students at individual campuses of the University of California or  
37 the California State University, that must be paid by all registered  
38 students to whom the fees apply. “Campus-based fees” include  
39 fees to fund: (1) student-related services and programs, including,  
40 but not limited to, referenda-based student health insurance

1 programs; (2) construction and renovation of student buildings  
2 and other facilities such as student centers and recreation facilities;  
3 and (3) authorized student governments, registered campus  
4 organizations, and student government-related and registered  
5 campus organization-related programs, events, and other activities.

6 (b) “Mandatory systemwide fees” means the fees that resident  
7 students enrolled in the California State University or the  
8 University of California, as applicable, are required to pay in order  
9 to enroll in courses for the academic term pursuant to any law or  
10 any policy adopted by the trustees or the regents, as applicable.

11 (c) “Regents” means the Regents of the University of California.

12 (d) “Resident” means a student who is exempt from paying  
13 nonresident tuition pursuant to Chapter 1 (commencing with  
14 Section 68000) of Part 41.

15 (e) “Trustees” means the Trustees of the California State  
16 University.

17 66028.2. The following state policies apply to student financial  
18 aid for, and mandatory systemwide fees charged to, resident  
19 students enrolled at the University of California and the California  
20 State University:

21 (a) As any changes in resident student fees and financial aid  
22 resources are considered, the state should have an understanding  
23 of the impact that these changes will have on both current and  
24 prospective students. Any negative impact on financially needy  
25 students shall be mitigated.

26 (b) Students should be consulted before increases on student  
27 fees are proposed, so that students can provide input and ask  
28 questions regarding the need for any increases in fees.

29 (c) Adequate advance notice should be provided to students  
30 regarding any future student fees, thereby allowing the students  
31 and their families greater time to prepare for the fees to be assessed.

32 (d) In order to ensure that access is not precluded for any eligible  
33 student, and particularly for financially needy students, all current  
34 and prospective students should be provided with timely  
35 information concerning student financial aid, including the  
36 processes associated with applying for and obtaining student  
37 financial assistance.

38 (e) To ensure that financially needy students are provided with  
39 assistance in managing the total cost of their university attendance,  
40 financial aid programs, including institutional aid, should be

1 aligned with the distinct financial needs of the respective segment's  
2 student populations and student fee levels.

3 (f) In order for the general public to maintain confidence in the  
4 state's public colleges and universities, every effort should be  
5 made to ensure increased transparency ~~on~~ *in* the uses of any student  
6 fee revenue and the rationale for making any student fee increases.

7 66028.3. (a) Any mandatory systemwide fees charged to  
8 resident students at the California State University and the  
9 University of California shall be known, and shall be referred to,  
10 as "systemwide fees" or "fees" and shall not be known or referred  
11 to as "tuition."

12 (b) All references to mandatory systemwide fees charged to  
13 resident students by the California State University and the  
14 University of California, including references in any policies, rules,  
15 or regulations of those institutions, shall be consistent with  
16 subdivision (a).

17 (c) *In order to comply with the requirements of this section,*  
18 *references in any policy, rule, or regulation of the California State*  
19 *University and the University of California to "tuition" shall be*  
20 *corrected when the policy, rule, or regulation is updated or*  
21 *reprinted.*

22 66028.4. Any increase in the mandatory systemwide fees  
23 charged to resident students enrolled in the University of California  
24 or the California State University shall not be proposed by the  
25 trustees or the regents, unless, at least 90 days prior to providing  
26 public notice of a proposed increase in mandatory systemwide fees  
27 pursuant to subdivision (a) of Section 66028.5, the respective  
28 governing board consults with appropriate student representatives  
29 from the statewide student body organization representing the  
30 students at its respective segment.

31 66028.5. (a) Prior to adopting any increase in mandatory  
32 systemwide fees charged to resident students, the regents or the  
33 trustees, as applicable, shall provide public notice of the proposed  
34 increase in a noticed public agenda for a meeting of the respective  
35 governing board. The public notice of the proposed student fee  
36 increase shall, at a minimum, include all of the following:

37 (1) A justification for the fee increase setting forth facts  
38 supporting the fee increase.

39 (2) A thorough analysis of impacts on access, persistence, and  
40 graduation of historically underrepresented students and low- to



1 middle-income students, with a detailed description of measures  
2 to mitigate the impacts of the proposed increase in fees.

3 (3) A statement specifying the purposes for which any revenues  
4 derived from an increase in fees will be used.

5 (b) The regents or the trustees shall not adopt any increase in  
6 mandatory systemwide fees charged to resident students until at  
7 least 60 days have passed after providing public notice of the  
8 proposed fee increase pursuant to subdivision (a). During the  
9 60-day period, the regents or the trustees, as applicable, shall  
10 encourage, solicit, and receive public comments on the proposed  
11 increase in fees. The comments, with appropriate responses to each  
12 of the comments, shall be made available to the public at least 10  
13 days prior to the meeting at which the regents or the trustees  
14 propose to adopt the increase in fees.

15 (c) Any increase in the mandatory systemwide fees charged to  
16 resident students enrolled at the University of California or the  
17 California State University shall not become effective until at least  
18 six months have elapsed after the date on which the fee increase  
19 is adopted.

20 (d) Following the adoption of an increase in mandatory  
21 systemwide fees in accordance with this section, the respective  
22 segment shall notify students of the student fees to be assessed in  
23 the upcoming academic year. In addition, the respective segment  
24 shall simultaneously inform students about the availability of  
25 student financial aid and the procedures for obtaining that aid in  
26 order to assist students with meeting the increased costs of  
27 attendance.

28 66028.6. (a) On or before April 2, ~~2012~~ 2013, the regents and  
29 the trustees each shall develop a transparent methodology for  
30 adjusting mandatory systemwide resident student fees consistent  
31 with the policies set forth in this article. The methodology, at a  
32 minimum, shall consider impacts on access, persistence, and  
33 graduation for historically underrepresented students and low- to  
34 middle-income students, and shall require the identification of  
35 measures to mitigate impacts on those student populations.

36 (b) The methodologies, and any subsequent amendments to  
37 those methodologies, shall be developed in consultation with  
38 appropriate student representatives from statewide student body  
39 organizations and shall be formally adopted by the regents or the  
40 trustees in an open and public meeting.

1 (c) The annual budgets of the respective segments shall be  
2 drafted on the basis that changes in fees are in accordance with  
3 the methodology developed pursuant to this section and shall  
4 specify the purposes for which any revenues derived from an  
5 increase in mandatory systemwide fees will be used.

6 (d) Nothing in this section shall be construed to exempt any  
7 increase in mandatory systemwide fees from the requirements of  
8 Sections 66028.4 and 66028.5.

9 66028.7. (a) At least 33 percent of the revenues of *an increase*  
10 *to existing* mandatory systemwide fees charged to ~~any~~ resident  
11 students shall be set aside by the regents or the trustees, as  
12 applicable, for institutional student aid to assist students and  
13 families in meeting the total cost of education.

14 (b) The regents and trustees shall report their compliance with  
15 this section in their respective annual reports on institutional  
16 financial aid pursuant to Section 66021.1.

17 66028.9. (a) Notwithstanding Section 10231.5 of the  
18 Government Code, commencing with the ~~2011-12~~ 2012-13  
19 academic year, the regents and the trustees shall annually provide  
20 the Legislature, by February 1 of each year, with detailed  
21 information regarding expenditures of revenues derived from  
22 student fees and uses of institutional financial aid, and shall provide  
23 information regarding the total cost of education per student,  
24 categorized specifically by undergraduate and graduate education  
25 costs, including fixed costs, variable costs, administrative costs,  
26 instructional costs, and student services costs. For purposes of  
27 meeting the requirements of this section, the regents and the  
28 trustees may include this information in their respective annual  
29 report on institutional financial aid pursuant to Section 66021.1.

30 (b) Notwithstanding Section 10231.5 of the Government Code,  
31 commencing with the ~~2011-12~~ 2012-13 academic year, the  
32 Legislative Analyst's Office shall annually review, by March 1 of  
33 each year, institutional compliance with the policies set forth in  
34 this article, and report, in writing, to the Legislature its findings,  
35 conclusions, or recommendations regarding the implementation  
36 of these policies. This report shall include an assessment of the  
37 information provided by the regents and the trustees pursuant to  
38 subdivision (a).

- 1 (c) A report submitted pursuant to this section shall be submitted
- 2 in compliance with Section 9795 of the Government Code.

O